



# NASW

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TESTIMONY ON S.B. 383: AN ACT INCREASING THE APPLICABLE  
PERCENTAGE OF THE EARNED INCOME TAX CREDIT

Finance, Revenue & Bonding Committee

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Submitted by Stephen Wanczyk-Karp, L.M.S.W.

Senator Fonfara, Representative Scanlon, and members of the Committee, thank you for the opportunity to submit testimony in support of SB 383, “An Act Increasing the Applicable Percentage of the Earned Income Tax Credit.”

My name is Stephen Wanczyk-Karp and I am the Executive Director of the National Association of Social Workers, CT Chapter. NASW/CT represents nearly 2,400 social workers throughout our state. I am submitting this testimony in favor of the proposed measure increasing the Connecticut Earned Income Tax Credit (EITC) to 41.5% starting January 1, 2022.

The 2020 Connecticut ALICE Report revealed that nearly 40% of households across our state were living paycheck to paycheck *even before the onset of the COVID-19 pandemic*. Despite working hard at the jobs available to them, these households struggle to afford life’s most basic necessities such as housing, food, child care, transportation, technology, and healthcare. We as social workers are permanently increasing the CT EITC rate to 41.5% from 30% will provide, on average, \$925 of needed income for over 200,000 struggling CT households. \$925 is a month of rent, two months of utility bills, or two months of daycare for a toddler.

Increasing the CT EITC is an issue of equity: an increased EITC would benefit Black, Latinx, and female headed households who are disproportionately represented in the ALICE population, and who have been disproportionately impacted by COVID. Fifty-seven percent (57%) of Black households, 63% of Latinx Households, 73% of single female headed households in Connecticut live below the ALICE threshold.

Expanding the EITC for low-income families in Connecticut would have a variety of benefits for those who receive this needed assistance. According to the Centers for Disease Control, “[b]y reducing poverty and increasing income for working families, EITC has been linked to positive health outcomes, particularly for infants and mothers.”<sup>1</sup>

<sup>1</sup>

<https://www.cdc.gov/policy/hst/hi5/taxcredits/index.html#>

Moreover, more significant health improvements occur when more generous EITC benefits are provided.

The benefits of increasing the EITC go beyond health impacts, however. The CDC reports that, “in addition to positive health changes, earned income tax credits are also linked to increased economic activity at state and local level.”<sup>2</sup> For every EITC dollar a recipient earns, they return \$1.24 to the economy – supporting local businesses and communities as they meet family needs.<sup>3</sup> Eligible individuals will spend their tax credit on items such as clothing, food, rent, car repairs, appliance replacements, etc. that are necessities of life. Such purchases are often made in their own communities, thus supporting local businesses.

The Governor’s temporary increase of the EITC from 30.5% to 41.5% in December 2021 was a practical way to support working households. Permanently increasing the rate to 41.5% is a win for people working hard in Connecticut, but not always getting by. Other high cost of living states have prioritized state-level EITCs to provide flexible income to help families meet gaps in rent, food, childcare, transportation, medicine, and other essential family budget areas. For example, New Jersey provides a 40% EITC for eligible residents and Maryland’s state EITC is set at 50 percent.

As social workers, we see the ravages of poverty and economic deprivation, and as a result, we are keenly aware of the positives of increasing the EITC. Therefore, I strongly urge you to support SB 383, which by increasing the Connecticut Earned Income Tax Credit to 41.5% of the federal credit, will have many positive benefits for individuals and families in our state.

Thank you for the opportunity to submit testimony in support of this important bill.

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<sup>2</sup> IBID.

<sup>3</sup> Moody’s Analytics estimate of financial multiplier